



August 31, 2007

The Honorable Mark Sanford
Governor of South Carolina
Office of the Governor
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

As the flagship institution of the State of South Carolina, the University of South Carolina system educates over 43% of the total population of postsecondary students in our state. It takes a tremendous commitment of resources to meet the primary purpose of our institutions to provide a broad, comprehensive education that will produce citizens who can contribute to the quality of life for all South Carolinians.

The phenomenal expansion of knowledge and the impact of the technology revolution have wrought profound changes for all institutions of higher learning, but especially for our research universities. The funding received in FY2008 for the launching of SC LightRail as a state-wide initiative is a critical step in meeting two of the biggest challenges our research universities will face:

- (1) incorporating into the implementation of our missions and our pedagogy the extraordinary advances in the speed and extent of knowledge acquisition and dissemination;
- (2) maintaining a healthy balance between exploiting the globalization of our economies by promoting partnerships among universities, as well as between universities and industries, while not allowing these alliances to dictate the nature of our enterprise or compromise fidelity to our respective missions.

With respect to the first challenge, our students -- weaned on technologically sophisticated media -- are demanding better quality instruction, particularly in the delivery of our pedagogy. The institutional resources devoted to instruction are increasingly constrained. The legislative bodies who support us are simultaneously demanding increased efficiency. This is why the funding of OneCarolina, the University's multi-year enterprise resources initiative, is critical to our institution and our State.

With respect to the second challenge, a critical issue is the level of participation in the process of globalization and how to engage dramatic changes in a manner that builds on our historic mission. There is huge pressure placed on our universities to develop and sustain curricula that will prepare our students for vocations in the global economy.

Columbia Campus

The Columbia campus is requesting \$4,800,000 to support the **Faculty Excellence Initiative** recruitment program. This program is essential to fulfill the institution's mission of providing its students with outstanding scholars to enrich their educational experience. The University has successfully improved each year's freshman class by attracting top-notch students who are eager to obtain a quality education.

In addition, the institution is experiencing unprecedented enrollment growth as more students are attracted to the University of South Carolina. Today, more than ever before, we are keeping large numbers of South Carolina's best and brightest here to learn and ultimately enrich our communities and businesses. Now, we must provide faculty scholars who will provide the vision and talent to produce successful citizens.

OneCarolina is the University System's multi-year initiative to replace its outdated administrative computing applications, including Student Information Systems, Finance, Sponsored Programs, and Human Resources into one easily-accessible, Web-based system. This change in technology is necessary to manage the University System in a professional manner that is both cost effective and responsive to our constituents.

SC LightRail is an ambitious plan that will benefit every citizen of the State of South Carolina by improving communications between healthcare organizations, research units, and educational institutions. The SC LightRail is a collaborative project involving participation by the Medical University of South Carolina, Clemson University, the University of South Carolina, and Health Sciences South Carolina which will improve healthcare for the citizens of South Carolina. Scientists and researchers need the network capacity of SC LightRail in order to take full advantage of the grid/high performance computing opportunities offered through the SURA/IBM partnership.

The USC Columbia campus is comprised of 163 buildings on 384 acres situated in the heart of the state. The Columbia campus has identified three capital budget priorities: the School of Law building replacement, the historic Gibbes Green renovations, and the renovation/addition to the Moore School of Business. Funding of capital projects is a high priority as we strive to achieve excellence in all aspects of the institution's mission.

The condition of facilities is a vital consideration when programs are under review for accreditation. Reducing deferred maintenance is a primary goal of the University in order to protect state resources and enhance the learning environment. The amount of deferred maintenance for the Columbia Campus as listed in the CHE 2003 Update is \$150,513,637. Recently, a comprehensive building quality survey was completed for the Columbia Campus which indicates the actual deferred maintenance is in excess of \$500 million. A State capital improvement bond bill is critical to the reduction of this backlog.

State Funding Priorities

The University of South Carolina fully supports retaining the full \$30,000,000 in funding from the Education Lottery for the Endowed Chairs program. South Carolina's students also benefit from the program. Increasing the level of training we can provide allows us to keep our best and brightest at home, helping to end our talent export. We encourage our state's leaders not to look at funding the Endowed Chairs program as an appropriation, but rather as an investment -- a smart investment that will fuel innovation, enhance economic opportunity, and lead to a stronger South Carolina.

South Carolina's political leadership should be commended for creating and supporting the Centers of Economic Excellence Program during the last five years. This visionary initiative leverages state and private funds along with university-based research to drive economic growth in areas such as nanotechnology, health sciences, future fuels, energy alternatives, automotive engineering, and advanced fibers with the greatest promise to create high-skill, high-paying jobs. This model has created a magnet for private-sector investment in South Carolina.

The state's three research universities -- Clemson University, the University of South Carolina, and the Medical University of South Carolina -- are using the program to benefit our state. In addition to increased research collaboration among the three institutions, we are now able to get the attention of the world's best scientists and graduate students.

Last year, approximately 90 people, including representatives from the Legislature, various state offices, the South Carolina Hospital Association and all USC nursing deans formulated “One Voice – One Plan” to address the critical shortages of nurses across South Carolina. The plan received an initial investment of \$1,000,000 for FY2008. The University of South Carolina System is combining internal resources and collaborating with other institutions to support the state-wide coordinated, comprehensive workforce plan and strongly supports the funding request for the South Carolina Critical Needs Nursing Initiative.

The University of South Carolina system supports an increase to the Need-Based Grants program administered by the South Carolina Commission on Higher Education. The Need-Based Grants program is a worthwhile investment in the state’s neediest students by providing the financial resources to pursue a degree in higher education. A major contributor to the success of the state’s economic competitiveness is the level of education held by its population.

USC supports an increase for the Experimental Program to Stimulate Competitive Research (EPSCoR) to fund the IDeA program - Institutional Development Awards. An increase in funding will enable EPSCoR to become more competitive in securing federal research funds. The South Carolina EPSCoR/IDeA program identifies, develops, and uses academic science and technology resources to increase South Carolina’s research and development competitiveness and support economic growth through the state’s colleges and universities, their science and engineering faculty, and their students. Increasing South Carolina’s scientific and technological research competitiveness is critical.

As in every year, we ask that the faculty and staff of our higher education institutions be recognized as state employees and afforded the same benefits as any state employee—particularly in any pay plan for cost of living and/or merit adjustments as well as increases to employer contributions for health insurance and the South Carolina Retirement System.

USC Senior and Regional Campuses

The USC Senior campuses at Aiken, Upstate and Beaufort and the Regional campuses at Lancaster, Salkehatchie, Sumter and Union are appreciative of the recurring parity funding provided in FY2008, but we would like to encourage a full study of the implications of parity for these institutions. This funding is part of the “Investment in Academic Excellence” initiative to retain our best and brightest faculty and students as well as recruit faculty and students who will contribute to the economic welfare of our state.

Addendum

All activities of the University of South Carolina’s campuses directly support the mission of teaching, research and creative activity, and service. The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institution’s mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University and satisfying our obligations to the citizens of South Carolina.

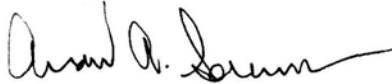
Provisos

The University of South Carolina is requesting amendments to two provisos (15.1 and 15.6) and the deletion of the following proviso:

89.97 (GP: Academic Center) Of the funds appropriated to the University of South Carolina Upstate for other operating expenses, \$100,000 shall be transferred to Spartanburg Community College to support the Academic Center.

The University, along with the State, has experienced unprecedented growth, prompting monumental challenges to successful attainment of the goals. Quite frankly, however, success will not occur without a long-term commitment from government, business and education. The University of South Carolina plays a critical role in delivering higher education throughout the state and it is hoped that the Office of the Governor and the State Legislature will continue to provide support for this mission.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew A. Sorensen", with a stylized, flowing script.

Andrew A. Sorensen

c: Dr. Mark Becker, Executive Vice President for Academic Affairs and Provost
 Mr. Richard Kelly, Vice President and Chief Financial Officer
 Ms. Leslie Brunelli, Budget Director
 Dr. Garrison Walters, Director, S. C. Commission on Higher Education
 Mr. Les Boles, Director, Budget and Control Board

FISCAL YEAR 2008-09 BUDGET PLAN

I. EXECUTIVE SUMMARY

- A. Agency Section/Code/Name: **15F/H38/USC Salkehatchie**
- B. Statewide Mission: **USC Salkehatchie Campus values its role as a part of the University of South Carolina system, bringing the programs, resources, and opportunities of the University to the local service area of Allendale, Bamberg, Barnwell, Colleton, and Hampton Counties, along with the USC Salkehatchie mission of providing undergraduate and graduate coursework. The USC Salkehatchie service area is rural, economically depressed, and ranks low in most educational and quality of life indicators. Thus, the campus presence and the opportunities provided are extremely important, and the campus administration recognizes the need to integrate educational and economic development efforts in the service area.**
- C. Summary Description of Strategic or Long-Term Goals:
- (1) **Recruit faculty necessary to expand core academic programs to enhance student progression to baccalaureate programs.**
 - (2) **Intensify recruitment activities in local area communities to increase student enrollment.**
 - (3) **Sustain and expand community partnerships that will support economic development.**

D.

Summary of Operating Budget Priorities for FY 2008-09:		FUNDING					FTEs			
		State Non- Recurring	State Recurring	Federal	Other	Total	State	Fed.	Other	Total
Priority No.: 1	Title: Investment in Academic Excellence	0	202,604	0	0	\$202,604	0	0	0	0.00
Strategic Goal No. Referenced in <u>Item C Above (if applicable):</u> 1,2,3 Activity Number & Name: 529 Instruction Arts and Sciences, 532 Academic Support, 533 Student Services 538 Institutional Support										
TOTAL OF ALL PRIORITIES		\$ 0	\$202,604	\$ 0	\$ 0	\$202,604	0.00	0.00	0.00	0.00

E. Agency Recurring Base Appropriation:

State	\$ 2,302,518
Federal	\$ 1,783,787
Other	\$ 4,583,229

F. Efficiency Measures: **SC Commission on Higher Education Performance Funding for 2005-06: 2.63 of 3.0 - 88% - Exceeds**
(This is the last year that the South Carolina Commission on Higher Education provided this data.)

G.

Summary of Capital Budget Priorities:			Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Priority No.:B	Project Name: Walterboro Classroom Building Renovation and New Science Labs Activity Number & Name: 534 Operations and Maintenance	Project No*:	2,540,676	0	0	\$2,540,676
TOTAL OF ALL CAPITAL BUDGET PRIORITIES			\$15,845,078	\$ 0	\$ 0	\$15,845,078

* If applicable

H. Number of Proviso Changes: **NONE**

I. Signature/Agency Contacts/Telephone Numbers:

Richard W. Kelly
Vice President and Chief Financial Officer
(803) 777-7481

Leslie G. Brunelli
Budget Director
(803) 777-1967

II. DETAILED JUSTIFICATION FOR FY 2008-09 OPERATING BUDGET PRIORITIES

A. Agency Section/Code/Name: **15F/H38/USC Salkehatchie**

B. Priority No. **_1_ of _1_**

C. (1) Title: **Investment in Academic Excellence**

(2) Summary Description:

Recurring funding is required to advance the mission of the Salkehatchie campus to provide a quality academic experience for the traditional and non-traditional student. Recurring funding will also help to increase accessibility for economically and educationally disadvantaged students. To remain competitive in the recruitment and retention of quality faculty, the campus needs to adjust the salaries of existing faculty on a merit basis. Moreover, in order to attract quality faculty to an economically depressed area, starting salaries for faculty must be increased.

(3) Strategic Goal/Action Plan (*if applicable*):

Intensify recruitment activities in local area communities to increase student enrollment.

Recruit faculty necessary to expand core academic programs to enhance student progression to baccalaureate programs.

D. Budget Program Number and Name: **IA and IIIC**

E. Agency Activity Number and Name: **529 Instruction Arts and Sciences**

532 Academic Support

533 Student Services

538 Institutional Support

F. Detailed Justification for Funding:

(1) The USC Salkehatchie campus has enjoyed double digit growth over the past two years. As the campus expands its enrollment, it must also increase the number of tenure-track faculty. To attract quality professors and meet the mission of retaining quality faculty, salaries must be competitive. The campus needs this additional funding to meet the needs of its students in the future and hire and retain the best faculty possible.

(2)

FY 2008-09 Cost Estimates:	State Non-Recurring Funds	State Recurring Funds	Federal	Other	Total
Personnel:					
(a) Number of FTEs*					0.00
(b) Personal Service		\$75,000			\$75,000
(c) Employer Contributions		\$25,000			\$25,000
Program/Case Services					\$ 0
Pass-Through Funds					\$ 0
Other Operating Expenses		\$102,604			\$102,604
Total	\$ 0	\$202,604	\$ 0	\$ 0	\$202,604
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

(3) Base Appropriation:

State	\$ 2,302,518
Federal	\$ 1,783,787
Other	\$ 4,583,229

(4) Is this priority associated with a Capital Budget Priority? NO If yes, state Capital Budget Priority Number and Project Name: _____.

G. Detailed Justification for FTEs

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) Position Details:

	State	Federal	Earmarked	Restricted	Total
Position Title:					
(a) Number of FTEs					0.00
(b) Personal Service					\$ 0
(c) Employer Contributions					\$ 0

(3) FTEs in Program Area per FY 2007-08 Appropriation Act:

State **24.24**
Federal _____
Other **26.03**

Agency-wide Vacant FTEs as of July 31, 2007: **5.27**
% Vacant **8.65**%

H. Other Comments:

USC Salkehatchie plays an important role as part of the University of South Carolina system by providing students with an educational experience of the highest quality, grounded in the traditional liberal arts. USC Salkehatchie is a valuable resource to its five-county area by serving as a focal point for the cultural and intellectual development of the area through various cultural, intellectual, economic, and educational programs. The academic, community development, cultural, public service, recreational programs and services support USC Salkehatchie's mission to enhance and enrich the communities of its service area and to improve the quality of life of all South Carolina citizens.

III. DETAILED JUSTIFICATION FOR CAPITAL BUDGET PRIORITIES

- A. Agency Section/Code/Name: **15F/H38/USC Salkehatchie**
- B. Priority No. 1 of 1
- C. Strategic Goal/Action Plan *(if applicable)*:
- D. Project Name and Number *(if applicable)*: **Walterboro Classroom Building and Science Building Renovation**
- E. Agency Activity Number and Name: **534 Operations and Maintenance**
- F. Description of Priority:

The main classroom building in Walterboro is a two-story building that was constructed in the 1920's. The proposed project would provide central HVAC for the building. The project includes the replacement of windows with insulating metal windows which will provide a better thermal envelope for the building. The design of the new windows would be in the historic character of the original windows and would have a low maintenance exterior and interior finish. The Walterboro Science Building is a newly acquired facility within the complex. It is a single story metal building with 13,000 sq. ft. The project includes new science labs for this building. The existing science labs are currently located on the second floor of the main classroom building. The equipment and safety features of this lab are over 20 years old and need to be relocated to the newly acquired science building with up-to-date lab equipment and safety features.
- G. Detailed Justification for Funding
 - (1) Justification for Funding Priority:

The building is currently heated and cooled with window units. Central system will provide for climate control, ease of maintenance, reduce the noise in classrooms, and provide energy savings. The current science labs are currently on the second floor of the main classroom building using equipment and safety features that are over 20 years old. There is no alternative to the window units other than a central system. Through the wall units provide no greater degree of heating or cooling and have the same noise problems associated with the window units. Continued operation of window units will be costly. A central unit will provide balanced air circulation and can be controlled to save money. Additionally, there are no alternatives to the science labs. They need new equipment, safety features, and need to be relocated off the second floor.

(2)

Total Project Cost Estimates:	Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Total Project Cost*	\$2,540,676	\$0	\$0	\$2,540,676

* If additional annual operating costs from any source of funding are anticipated upon project completion please complete Sections H and I (Justification for Additional Future Annual Operating Costs) below.

- H. Justification for First Year Additional Future Annual Operating Costs: **No additional annual operating costs are anticipated. Annual cost savings of \$4,250 are anticipated from utilities.**

Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

First Fiscal Year Additional Annual Operating Costs Are Anticipated: _____ Will this fiscal year require a partial or full year's operating funds? _____ If a partial year's funds are required, what portion of the year does it cover? _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

- I. Justification for First Full Year Additional Future Annual Operating Costs (If Section H above represents a full year's operating funds, do not complete this section.)

Will additional annual operating costs be absorbed into your existing budget? _____

If not, will additional state funds be needed in the future? _____

If state funds will not be needed in the future, explain the source(s) that will be used. _____

(2) First Full Fiscal Year Additional Annual Operating Costs Are Anticipated: _____

(3)

Additional Annual Operating Cost Details:	State Non-Recurring	State Recurring	Federal	Other	Total
Total Costs:					
(a) Number of FTEs					0.00
(b) Total Personnel Costs					\$ 0
(c) Furniture/Equipment					\$ 0
(d) Other Operating Costs					\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

J. Other Comments:

FY 2008-09 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. PRIORITY ASSESSMENT OF ACTIVITIES – HIGHEST PRIORITIES

A. Agency Section/Code/Name: **15F/H38/USC Salkehatchie**

B.

Priority Assessment of Activities – Highest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name: 529 Instruction: Arts and Sciences	1,417,929	112,735	0	0	969,629	2,500,293	22.07
Activity Number & Name: 533 Student Services	237,467	146,984	0	0	525,850	910,301	5.11
Activity Number & Name: 532 Academic Support	265,325	0	0	0	356,281	621,806	5.00
Activity Number & Name: 534 Operations and Maintenance	0	0	0	0	1,007,400	1,007,400	9.12
TOTAL OF HIGHEST PRIORITIES	\$1,920,721	\$259,719	\$ 0	\$ 0	\$2,859,160	\$5,039,800	41.30

FY 2008-09 ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF ACTIVITIES – LOWEST PRIORITIES

A. Agency Section/Code/Name: **15F/H38/USC Salkehatchie**

B. Agency Activity Number and Name:

C. Explanation of Lowest Priority Status:

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	0	0	0	0	0	0.00
(b) Personal Service	0		0	0	0	\$ 0
(c) Employer Contributions	0		0	0	0	\$ 0
Program/Case Services	0	0	0	0	0	\$ 0
Pass-Through Funds	0	0	0	0	0	\$ 0
Other Operating Expenses	0	0	0	0	0	\$ 0
Total	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*):
The activities reported in the Agency Activity Inventory are based on expenditure classifications established by the National Association of College and University Business Officers (NACUBO) and are standard across higher education. These classifications identify all critical and necessary components of an institution's mission and are not separable. As such, we feel all of our activities are critical to fulfilling the mission of our University.

F.

Summary of Priority Assessment of Activities – Lowest Priorities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0.00

